Schedule 2
FORM ECSRC – OR

(Select One)

[X] **QUARTERLY FINANCIAL REPORT** for the period ended **June 30, 2020**
Pursuant to Section 98(2) of the Securities Act, 2001

OR

[ ] **TRANSITION REPORT**
for the transition period from ______________________ to ______________________
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: **BOSVG01061977SV**

Bank of St. Vincent and the Grenadines Ltd
(Exact name of reporting issuer as specified in its charter)

St. Vincent and the Grenadines
(Territory or jurisdiction of incorporation)

Reigate, Granby Street, Kingstown, St. Vincent and the Grenadines
(Address of principal executive Offices)

(Reporting issuer's:
Telephone number (including area code): **784-457-1844**

Fax number: **784-456-2612**

Email address: **info@bosvg.com**

____
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. ______________________

CLASS	NUMBER
Common	14,999,844

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Managing Director:
Derry Williams

SIGNED AND CERTIFIED

Signature

August 31, 2020

Date

Name of Director:
Maurice Edwards

SIGNED AND CERTIFIED

Signature

August 31, 2020

Date

Name of Chief Financial Officer (and Deputy Managing Director:
Bennie Stapleton

SIGNED AND CERTIFIED

Signature

August 31, 2020

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

(a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.

(b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.

(c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.

(d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The positive start to the 2020 financial year, (final year of our 2018-2020 Strategic Plan) was overshadowed by the COVID 19 pandemic and resultant volatility in the global economy and financial markets. Bank of St. Vincent and the Grenadines (BOSVG) recorded net income of $0.66 million for the half year compared to $5.8 million realized for the corresponding period in 2019.

There was a noticeable reduction in non-interest income of $1.1 million (12%), which was primarily due to a significant reduction in business activities as a consequence of the pandemic. Additionally, there was a slight decline in net interest income, which was primarily due to a reduction in interest income on investments and deposit placements, in conjunction with an increase in interest expense. The increase in interest expense was due to the growth in the deposit base.

Further actions were taken to curtail operating expenses by deferring some projects during the plan period. While these cost measures mitigated some of the adverse effects, operating expenses increased marginally by $0.07 million in comparison to the similar period in 2019.

As expected, the adverse economic effects of the pandemic have been significant. Accordingly, we have increased the provision for expected credit losses to $7.3 million for the half year, as opposed to the budgeted $2.1 million, this resulted in the decline in net income for the period under review.

Our balance sheet remains robust with Tier 1 Capital Ratio of 22.7% and adequate levels of liquidity and funding. Total assets grew by $82.4 million or 7.6%, which was reflected mainly in cash and bank balances. Deposit growth maintained a strong trajectory, expanding by $87.9 million or 10.1%, while there was a marginal decline of $5.5 million in loans and advances. Asset quality remained stable at 6%.

In this difficult period, the Bank remained operationally resilient and the well-being of all stakeholders remained of paramount concern. As such, several measures and initiatives were introduced to provide support towards national relief programs. To date the Bank has granted more than $169 million of payment deferrals on loans as part of the loan moratorium program. This represents 25.3% of the total portfolio.

The Bank continued to invest in infrastructure development by spending $2.2 million on technology in the first half of the year to accelerate its digital transformation. The ongoing development is to create a more efficient and agile Bank with greater growth potential. Despite all the external challenges, the Bank continues to make good progress on a number of key initiatives and is scheduled to launch its digital platform Mobile Earth and the new website in the second half of the financial year. We are also exploring the introduction of a local payment solution that will reduce the use of cash.

The risk management framework continues to evolve, while the key capital and liquidity fundamentals remain strong. Additionally, the Bank continues to expand its capabilities to stay abreast of evolving threats such as cyber security, climate change, financial crime and the outbreak of the novel coronavirus. The outlook remains highly uncertain and we will continue to monitor the implications on our strategic plan closely, while also undertaking a review of our medium-term financial targets, which is expected to be significantly lower than 2019.

<u>Liquidity and Capital Resources</u>

Provide a narrative explanation of the following (but not limited to):

i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.

ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.

iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.

viii) The issuer's material commitments for capital expenditures as of the end of the latest 'fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.

ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The balance sheet remains robust, with strong capital adequacy and adequate liquidity buffers. As at June 30, 2020, Tier 1 Capital ratio was 22.7%, liquidity coverage was 38.8% and loans to deposits ratio was 66.2%. As such, the Bank's capital and liquidity metrics remained well above regulatory thresholds. Shareholders' equity at June 30, 2020 was $119 million which is $9.4 million lower than the previous quarter. This reduction was as a result of profit distribution of $7.1 million and lower profitability for the quarter.

<u>Off Balance Sheet Arrangements</u>

Provide a narrative explanation of the following (but not limited to):

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

At the end of the reporting period, the Bank anticipated that the undrawn credit commitments to customers would require cash outflows totaling $31.7 million compared to $33.2 million at March 31, 2020.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls.

Overview of Results of Operations

Operating Highlights

Operating loss of $2.4 million was recorded for the second quarter of 2020, this was in comparison to a profit of $3.0 million recorded for the first quarter of 2020 and $2.7 million earned in the corresponding period of 2019. The decline in profitability was mainly as a result of a significant increase in allowances for expected credit losses, which was consistent with the deteriorating economic environment. The results also reflect the negative impact of lower interest rates on investments and deposit placements, as well as a slowdown in transactional activities, particularly during the second quarter of 2020, and market adjustments to investment securities due to extreme market volatility. Cost containment initiatives during the period increased, as we actively managed discretionary spending and leveraged existing initiatives to improve efficiency through digitalization and increased agility to adopt new innovations.

Net interest Income

Net interest income of $8.9 million was slightly lower than the first quarter of 2020 and prior year amount of $9.1 million, representing a reduction of 1.6%. Net interest income was supported by an increase in loans and advances of $34.2 million from the 2019-year end position. However, this was offset by an increase in interest expense as a result of customer deposit growth of $160.2 million. While there was an improvement in contribution from loans and advances of $0.12 million, there was a reduction of $0.22 million in contribution from investment securities.

The net interest margin moved from 3.3% at December 31, 2019 to 3.1% at the end of June 2020 (this was 3.5% at June 30, 2019). Lower yields on earning assets and cost of deposits resulted in margin compression.

Non-Interest Income

Total non-interest of $3.0 million was significantly lower than the amount earned for the second quarter of 2019 and first quarter of 2020. Non-interest income was $1.9 million (38.3%) lower than $4.9 million in the first quarter and $1.6 million (34.1%) lower than the 2019 period amount of $4.5 million. The reduction was primarily due to:

- Fee and commission and other income declined by $1.4 million (40.8%) to $2.1 million over the first quarter. Transactional activities declined significantly in May and June and fees which were waived for offsite ATM services adversely impacted revenue.
- Foreign exchange earnings in the second quarter totaled $0.88 million declined by $0.44 million in comparison to $1.3 million earned in first quarter of 2020. This was attributed to a decline in volume due to the reduction of imports and exports across the supply chain.
- Fair value gains from investment securities decreased by $0.43 million, reflecting negative valuation adjustments due to market volatility.

Operating Expenses

Operating expenses for the second quarter of 2020 was $8.5 million, a reduction of $0.66 million from the March 2020 amount of $9.2 million. This was also $0.54 million lower than the second quarter of 2019. Discretionary spending was well managed and resulted in savings across travelling, training and stationery expenses. Optimisation initiatives continued despite increased spending for COVID 19 measures. COVID 19 related spending of $0.050 million, which included the provision of protective equipment and maintaining compliance with health and safety standards did not have a material impact on cost.

Strategic initiatives increased in the following areas:

- Higher regulatory and compliance cost to support the digital transformation;
- Interest levy expense, which reflects the growth in the deposit base;
- Marketing expenses relating to the ongoing rebranding exercise and community engagement;
- Professional fees for continuous development of the human resource.

As the Bank continues to invest in systems and platforms to create efficiency, the effectiveness of operations measured by net interest income and efficiency ratios were 101.3% and 94.3% respectively.

Provision for Credit Impairment

Provisions for impairment losses increased significantly, driven by the impact of COVID 19 on consumers and businesses, and the deteriorating economic environment. The Bank's impairment charge increased by $5.6 million or 280% to $7.3 million and the non-performing ratio was up from 5.9% to 6% at June 30, 2020. The increased impairment charge for the period was driven by a $5.4 million charge due to the application of management overlays to the Bank's IFRS 9 model. During the period the Bank placed loans valued at $169 million on payment deferrals. This represents 767 loans across the portfolio or 25.3 % of total loans and advances. The support included $9.5 million in consumer loans, $2.4 million was provided for impairment on these loans, as they remained mainly in stage 2 of the IFRS9 model.

Balance Sheet Review

Total assets of $1.2 billion was similar to the first quarter of 2020, and was $0.13 million or 12% higher than at June 30, 2019. The increase in total assets included growth in cash balances of $79.4 million and investment securities of $3.3 million; loans and advances to customers grew by $34.2 million. The growth in the balance sheet was funded mainly by deposit growth of $87.9 million.

Loans and advances

Total loans and advances to customers was $637.3 million decreased by $5.2 million over the first quarter of 2020 and when compared to the same period in June 2019. However, there was an increase of $34.3 million from the December 2019 position mainly as a result of the increase in the public sector exposure. The composition of gross loans and advances consists of mortgages 39%, term loans 12.1%, corporate loans 5.3%, government credit 8.3%, overdrafts 2.7%, NPLs 6% and accrued interest and credit card balances 1.3%. The shift in the various categories represents $168.5M (25.3%) of COVID 19 customer support loans.

Customers' Deposits

Customers' deposits of $962.6 million accounted for 91.5% of total funding at June 30, 2020, which grew by $87.9 million or 10% over the comparative period in 2019. Customers' deposits recorded a marginal reduction of $10.3 million from March 2020. The growth in the Bank's deposit base stemmed from an increase in demand and savings deposits of $60.9 million and $36.9 million respectively, driven by foreign inflows to the public sector for stimulus programmes. In contrast there was a reduction in time deposits of $10.1 million, which comprised 11.2% of the portfolio, demand deposits 35.4% and savings deposits 53.4%.

Investments

Investments which totaled $99.6 million, increased by 3% from $96.7 million due to the placement of $7 million in COVID bonds and was partially offset by principal amortization and maturity of Government of SVG 10 million Bonds.

Asset Quality

Asset quality remained stable at 6% in the first half of 2020. The effects of COVID 19 are expected to materialize in the coming months, and apart from existing challenges within the portfolio, the rate of migration was therefore limited in the first half of 2020 to $1.2 million. At the same time, the NPL coverage increased significantly to 68.6% from 48.8% at the end of 2019. The increase in the coverage ratio was driven primarily by the recognition of higher expected credit losses.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Bank has actively managed the risks resulting from the COVID 19 pandemic and the impact on its customers, as well as other key risks. Despite the weaker performance, the Bank continued to grow its balance sheet in a prudent manner and adherence to risk measures remained strong throughout the period. The performance against key risk indicators remained stable as the Bank continued to develop its approach in the management of risk in this rapidly changing environment. To meet these challenges, training and development in Enterprise Risk Management (ERM) commenced during the period as part of the initiative to implement the ERM framework.

The Bank's risk universe has been summarized into four categories, with the top fifteen risks identified to facilitate reporting and fit for purpose controls to ensure effective management and mitigation. This categorization will ensure that the risks and opportunities are aligned to strategy. These include:

Risk Category	Description
Operational	Effective activities, controls, conduct and design of products, services and Information Technology systems
Financial	Promote and maintain financial resilience
Compliance	To operate in accordance with the laws, regulations and codes, which apply to all operations
Strategic	Deliver strategic objectives and tactical interventions

The risk appetite for each principal risk identified is being developed by Management to enable informed risk-based decision making. The risks are reflected according to the probability and impact of each risks to the Bank. The top fifteen risks categorized are listed below:

Risk Name	**Category**
IT Security	Operational
Third party providers	Operational
Customer Support & management	Operational
Electronic channel banking fraud	Operational
Credit administration	Financial
Change management	Strategic
Succession planning	Operational
Liquidity risk	Financial
Financial crime	Compliance
Control environment	Strategic
Skills & competence	Operational
Credit risk	Financial
Performance Management	Operational
Regulatory change	Compliance
Customer trends	Operational

Credit Risk

The extraordinary market conditions due to COVID 19 has led to a significant weakening of the economy thereby impacting various sectors of the Bank's credit portfolio. The longer-term effects of the outbreak remain uncertain and may lead to significant expected credit losses in the affected areas. Consequently, the Bank has factored additional specific provisions for expected credit losses of $5.4 million into its half year 2020 financial results to build reserve. The COVID 19 credit impairment charge was calculated on the loans under moratorium.

The Bank's non-performing ratio remained stable at 6% consistent with March 2020. However, this was a deterioration from 5.9% in the prior period of 2019 and an improvement over the December 31, 2019 position of 6.5%.

Liquidity Risk

Appropriate liquidity buffers were maintained and in accordance with the assessment of liquidity risks in stressed market conditions due to the COVID 19 pandemic. The Bank's liquidity position remained strong to support balance sheet strategies and contingency funding is available to accommodate unexpected demand for liquidity. At the end of the first half of 2020, loans to deposits and liquid assets to deposits ratios stood at 66.2% and 38.8% respectively. As such, the liquidity measures applied by the Bank remained above the respective regulatory limits at an aggregate level of medium.

Operational Risk

The Bank's operational resilience has been tested during the COVID 19 pandemic and the Business Continuity Plan was activated at the onset of the pandemic. Investment in information technology systems was accelerated to improve services and to minimise disruptions that could result in reputational and regulatory consequences. The working environment has now become more volatile, uncertain, and complex, with accelerated changes, both internally and externally and cyber threats are now more prevalent. In response to these rapid changes and expectations from stakeholders during the pandemic, the Bank has undertaken various updates in respect of protecting its network against the vulnerabilities of data breaches and technical controls.

There is an increased focus on IT stability, disaster recovery readiness and IT related risks. Management also ensures that operational processes are effectively managed with strong governance and control oversight.

Operational risk remained at an elevated level due to these ongoing changes in the business environment. The issues of de-risking of correspondent banking relationship; digital transformation; cyber-security; regulatory changes and the emerging medicinal cannabis industry, all have potential impact on the execution of the Bank's strategy, governance, reputational and financial risks. Notwithstanding, overall operational risk was effectively managed and monitored across the network and was within the approved risk parameters with no material issues reported.

Market Risk

Market risk and all its sub risk components remain well managed and monitored. These are within risk appetite and limits. Interest rates in the financial markets have been reduced due to the adverse impact on the timeliness and recovery of the COVID 19 pandemic, which has heightened the likelihood of negative interest rates. This is expected to have implications for customers, regulatory and financial constraints given the significant impact prolonged low interest rates are likely to have on the Bank's net interest income. The pricing of loans and deposits is being considered carefully as the Bank seeks to rebalance these portfolios towards revenue generating activities to offset reduced income occasioned by the low interest rates currently being experienced.

The Bank is also monitoring the international developments relating to the benchmarks for key Interbank Offer Rates (LIBOR). Regulators have reiterated that banks cannot rely on LIBOR being published after 2021 but acknowledge that COVID 19 may impact the transition plans to alternative benchmark rates.

Based on the foregoing, the Bank continues to conduct its trading activities within policy guidelines, which allows market risk to be maintained at a low exposure.

IT Security Risk

Continuous monitoring and improvement to services across the technological infrastructure is ongoing. The Bank continues to invest in enhancing its service management systems to minimize disruption to customers, which has been accelerated since COVID 19. Significant progress has been made in modernizing data infrastructure, governance structure and data privacy. Management remains committed to exploring the opportunities in leveraging cloud technologies to increase flexibility and scalability in managing data. Additionally, cybersecurity defenses are being tested to increase awareness among employees about the vulnerabilities of such attacks. The controls and detections across the network remain resilient in identifying system security and support risk governance and staff who work remotely.

Information technology security remains timely and successful with no breaches to cyber defenses despite greater digital adoption and work from home practices.

The Bank is in the process of conducting a third-party risk assessment to better identify, understand, mitigate and manage risks that arise from third party services. The assessment, which is scheduled to conclude by the end of 2020, aims to ensure adherence to the Banks policy and security framework. The Bank continued to work closely with its third-party providers who are facing various constraints on their operations during the ongoing COVID 19 crisis. There has been no major impact to services during the period.

Reputational Risk

The Bank continues to keep abreast of changes in legislation and industry best practices. There were no reported events that had an adverse effect on the Bank's reputation over the period ended June 30, 2020.

Regulatory Change

Regulators have issued guidance in response to the COVID 19 outbreak, measures have been put in place to ensure these guidelines are implemented effectively and in a timely manner. The Bank's comprehensive review of policies is near completion. The following policies were approved by the Board of Directors during the quarter.

Amended Policies:

- Fraud Management Policy
- Correspondent Banking Policy

New Policies:

- EISP Cyber Security Policy
- EISP Disaster Recovery and Business Continuity Policy
- EISP IT Security Policy – Glossary and Reference Manual

Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

Claim No. SVGHCV2014/0179 - Bank of Saint Vincent and the Grenadines Ltd (Claimant), and Clint Hazel, Mildred Hazel & Hazeco Cottages Limited (Defendants)

The Bank filed the subject claim against the Defendants to deliver up possession of their mortgaged premises to the Bank; sale of properties to satisfy mortgage debt; an order for foreclosure; an order for the defendants to pay $3,160,230.76 due and owing under the mortgage; costs and; any further relief in 2014. Subsequently, the Defendants filed a counterclaim stating that the Bank had fiduciary and contractual duties to the Defendants and that it breached those duties. Additionally, an order setting aside the transactions and; damages among other requests. The Bank received judgment in this matter from the High Court on July 09, 2020:

The order of the court is therefore as follows:

On the claim:

1. The prayer for delivery up of possession of the Mortgaged premises to the claimant is denied.
2. The prayer for an order for sale of the Mortgaged premises is denied.
3. The prayer for foreclosure against the properties is denied.
4. An order that the defendants are to pay the sum of $4,098,443.40 pursuant to calculations obtaining in the offer letter of the 24th November 2010 is granted.
5. Prescribed costs to the claimant on this sum pursuant to Part 65.5 CPR 2000.

On the counterclaim:

1. The declaration that the claimant owed fiduciary duties to the defendants and is in breach of the same is granted in part – only in relation to the duty of advice.
2. Damages are to be assessed on this limited portion of the declaration as made as there was no information for the court to make a finding at this juncture.
3. The defendants are therefore at liberty to file an application for assessment of damages within 28 days of this order and the same is to be heard by a Master of the High Court.
4. The prayer for an order setting aside the transaction is denied.
5. The declaration that the claimant has breached its contractual duties to the defendants is granted in part-only in relation to the duty with regard to direct payments made to the contractor.
6. Therefore there is to be an account by the claimant of all monies directly paid to the contractor reconciled with proof that the work paid for was in fact completed by the contractor.
7. The prayer for an order for payment of that sum found due and owing is granted.
8. The prayer for damages is denied.
9. All sums due to the defendants as damages are to be set off as against due by the defendant to the claimants.
10. Prescribed costs to the defendants on the total sums found due and owing pursuant to Part 65.5 CPR 2000.

The Bank awaits directions from its Attorneys.

4. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
  N/A
- Offer closing date (provide explanation if different from date disclosed in the registration statement)
  N/A
- Name and address of underwriter(s)
  N/A
- Amount of expenses incurred in connection with the offer N/A
- Net proceeds of the issue and a schedule of its use
  N/A
- Payments to associated persons and the purpose for such payments
  N/A

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

5. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

6. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

Annual General Meeting of Shareholders held July 30, 2020.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

There was no election of Directors. The Directors of the company remain unchanged.

Maurice Edwards- Chairman
Errol Allen
Judith Veira
Lennox Bowman
Lennox Timm
Saibrina Brewster-Dickson
Timothy Providence
Omar Davis

(c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

The Meeting Agenda is listed below. Motions were moved and seconded for items to be adopted. Shareholders the voted by a show of hands in favour or against after which the items were all carried:

1. To consider and adopt the Report of the Auditors and Audited Financial Statements of the Company for the year ended December 31, 2019

2. To consider and adopt the Directors' Report

3. To sanction cash dividends of $0.47 per share paid for the financial year ending December 31, 2019

4. To appoint Auditors for the financial year January to December 2020

5. To discuss any other business which may be properly considered at the Annual Meeting.

(d) A description of the terms of any settlement between the registrant and any other participant.

N/A

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

7. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A

rmance Highlights

	2Q20	1Q20	1Q19	4Q19	3Q19	2Q20	2Q19	2Q20 vs 1Q20	2Q20 vs 2Q19
income statement items ($m)									
Net interest income	8,942,222	9,020,855	9,201,050	8,917,003	9,446,142	8,942,222	9,084,378	-0.9%	-1.6%
Net fee and commission income	2,434,555	3,510,420	3,436,511	3,028,888	2,900,144	2,434,555	3,193,955	-30.6%	-23.8%
Other non-interest income	555,672	1,338,028	1,382,378	2,048,322	1,514,151	555,672	1,342,086	-58.5%	-58.6%
Total operating income	11,932,449	13,869,303	14,019,939	13,994,213	13,860,437	11,932,449	13,620,419	-14.0%	-12.4%
Operating expenses	8,548,885	9,212,088	8,632,866	9,312,719	9,027,108	8,548,885	9,065,128	-7.2%	-5.7%
Impairment losses on financial assets	6,202,204	1,050,000	1,100,000	(122,959)	1,200,000	6,202,204	900,000	490.7%	589.1%
Impairment losses on property and equipment	-	-	-	214,506	-	-	-		
Profit before tax	(2,818,640)	3,607,215	4,287,073	4,589,947	3,633,329	(2,818,640)	3,655,291	-178.1%	-177.1%
Income tax expense	(451,204)	577,154	1,157,510	(1,053,277)	980,998	(451,204)	986,928	-178.2%	-145.7%
Profit after tax	(2,367,436)	3,030,061	3,129,563	5,643,224	2,652,331	(2,367,436)	2,668,363	-178.1%	-188.7%
balance sheet items ($m)									
Cash and deposits with banks	363,611,364	382,861,012	363,611,364	361,427,626	309,750,216	363,611,364	284,221,883	-5.0%	27.9%
Loans and advances	637,340,681	642,529,681	628,013,796	603,116,302	622,898,551	637,340,681	642,833,402	-0.8%	-0.9%
Investments	99,614,441	95,287,225	103,232,440	95,102,436	98,884,492	99,614,441	96,349,741	4.5%	3.4%
Total assets	1,170,810,807	1,190,132,670	1,044,423,772	1,126,608,002	1,098,788,539	1,170,810,807	1,088,370,790	-1.6%	7.6%
Customer deposits	962,568,505	972,837,143	802,376,656	910,319,763	883,105,401	962,568,505	874,672,399	-1.1%	10.0%
Total liabilities	1,051,779,813	1,061,729,423	923,618,494	1,001,234,815	979,093,776	1,051,779,813	971,343,989	-0.9%	8.3%
Shareholders' equity	119,030,993	128,403,247	120,805,278	125,373,187	119,694,763	119,030,993	117,023,801	-7.3%	1.7%
Total risk weighted assets	529,180,000	518,649,000	489,022,000	497,421,029	522,889,000	529,180,000	489,022,000	2.0%	8.2%
Impaired loans	39,918,393	39,474,544	36,374,612	40,564,191	40,187,794	39,918,393	38,933,469	1.1%	2.5%
Allowances for credit losses on financial assets	27,378,626	20,832,713	18,103,895	19,836,290	20,159,616	27,378,626	19,362,897	31.4%	41.4%
General Provision Reserve	4,542,703	4,542,703	3,133,354	4,542,702	3,133,354	4,542,703	3,133,354	0.0%	45.0%
ncial ratios (%)									
Net interest margin	3.1%	3.0%	3.5%	3.2%	3.4%	3.1%	3.3%		
Efficiency ratio	123.6%	74.0%	69.4%	67.2%	73.8%	123.6%	73.2%		
Return on assets	-0.8%	1.0%	1.2%	2.0%	1.0%	-0.8%	1.0%		
Return on equity	-8.0%	9.4%	10.4%	18.0%	8.9%	-8.0%	9.1%		
Loans to deposits	66.2%	66.0%	78.3%	66.3%	70.5%	66.2%	73.5%		
NPL ratio	6.0%	6.0%	5.6%	6.5%	6.2%	6.0%	5.9%		
NPLs to total assets	3.4%	3.3%	3.5%	3.6%	3.7%	3.4%	3.6%		
Allowances for credit losses as a % of loans and advances	4.3%	3.2%	2.9%	3.3%	3.2%	4.3%	3.0%		
Allowances for credit losses as a % of NPLs	68.6%	52.8%	49.8%	48.9%	50.2%	68.6%	49.7%		
Allowances for credit losses plus contingency reserve fund as a % of NPLs	80.0%	64.3%	58.4%	60.1%	58.0%	80.0%	57.8%		
Capital Adequacy	22.7%	24.2%	23.8%	26.2%	22.1%	22.3%	23.8%		

Consolidated Statement of Income

In $ millions	2nd Qtr 2020	1st Qtr 2020	1st Qtr 2019	+/(-) Δ%	4th Qtr 2019	3rd Qtr 2019	+/(-) Δ%	3rd Qtr 2019	2nd Qtr 2019	+/(-) Δ%	2nd Qtr 2020	2nd Qtr 2019	+/(-) Δ%	Audited December 31, 2019
Income														
Interest income on loans and advances	**11,962,447**	11,844,957	11,729,927	1.0%	11,348,126	11,996,758	-5.4%	11,996,758	11,884,174	0.9%	**11,962,447**	11,884,174	0.7%	46,958,985
Interest income investments and bank deposits	**1,082,040**	1,297,963	1,288,679	0.7%	1,603,720	1,587,186	1.0%	1,587,186	1,360,659	16.6%	**1,082,040**	1,360,659	-20.5%	5,840,244
Interest expense	**4,102,264**	4,122,065	3,817,556	8.0%	4,034,842	4,137,803	-2.5%	4,137,803	4,160,455	-0.5%	**4,102,264**	4,160,455	-1.4%	16,150,656
Net interest income	**8,942,223**	**9,020,855**	**9,201,050**	**-2.0%**	**8,917,004**	**9,446,141**	-5.6%	**9,446,141**	**9,084,378**	4.0%	**8,942,223**	**9,084,378**	-1.6%	**36,648,573**
Net fee and commission income and other income	**2,079,145**	3,510,420	3,436,511	2.2%	3,422,307	2,900,144	18.0%	2,900,144	3,193,955	-9.2%	**2,079,145**	3,193,955	-34.9%	12,952,917
Net foreign exchange trading income	**883,202**	1,318,722	1,373,898	-4.0%	1,476,272	1,471,109	0.4%	1,471,109	1,206,657	21.9%	**883,202**	1,206,657	-26.8%	5,527,936
Dividend income	**27,880**	19,306	8,480	127.7%	178,631	43,042	315.0%	43,042	135,429	-68.2%	**27,880**	135,429	-79.4%	365,582
Non-interest income	**2,990,227**	**4,848,448**	**4,818,889**	**0.6%**	**5,077,210**	**4,414,295**	15.0%	**4,414,295**	**4,536,041**	-2.7%	**2,990,227**	**4,536,041**	-34.1%	**18,846,435**
Total income	**11,932,450**	**13,869,303**	**14,019,939**	-1.1%	**13,994,214**	**13,860,436**	1.0%	**13,860,436**	**13,620,419**	1.8%	**11,932,450**	**13,620,419**	-12.4%	55,495,008
Staff Cost	**2,691,363**	2,839,628	2,789,390	1.8%	2,461,329	2,910,218	-15.4%	2,910,218	2,706,765	7.5%	**2,691,363**	2,706,765	-0.6%	10,867,702
Other operating expenses	**5,857,522**	6,372,460	5,843,476	9.1%	6,877,040	6,091,240	12.9%	6,091,240	6,358,363	-4.2%	**5,857,522**	6,358,363	-7.9%	25,170,119
Total expenses	**8,548,885**	**9,212,088**	**8,632,866**	**6.7%**	**9,338,369**	**9,001,458**	3.7%	**9,001,458**	**9,065,128**	-0.7%	**8,548,885**	**9,065,128**	-5.7%	**36,037,821**
Profit before allowances	**3,383,565**	**4,657,215**	**5,387,073**	-13.5%	**4,655,845**	**4,858,978**	-4.2%	**4,858,978**	**4,555,291**	6.7%	**3,383,565**	**4,555,291**	-25.7%	19,457,187
Provisions for credit and other losses	**6,202,204**	1,050,000	1,100,000	-4.5%	91,547	1,200,000	-92.4%	1,200,000	900,000	33.3%	**6,202,204**	900,000	589.1%	3,291,547
Profit before tax	**-2,818,639**	3,607,215	**4,287,073**	-15.9%	**4,564,298**	**3,658,978**	24.7%	**3,658,978**	**3,655,291**	0.1%	**-2,818,639**	**3,655,291**	-177.1%	16,165,640
Income tax expense	**-451,204**	577,154	1,157,510	-50.1%	(1,060,204)	987,925	-207.3%	987,925	986,928	0.1%	**-451,204**	986,928	-145.7%	2,072,159
Net profit	**-2,367,435**	**3,030,061**	**3,129,563**	**-3.2%**	**5,624,502**	**2,671,053**	110.6%	**2,671,053**	**2,668,363**	0.1%	**-2,367,435**	**2,668,363**	-188.7%	**14,093,481**

BANK OF ST. VINCENT AND THE GRENADINES LTD

Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2020

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited)	(Unaudited)	(Audited)
	6 mths to	6 mths to	12 mths to
	June 30,	June 30,	December 31,
	2020	2019	2019
	$	$	$
Profit (loss) for the period	**662,625**	5,798,022	14,093,481
Other comprehensive income			
Other comprehensive income that will be reclassified to the income statement (net tax):			
Unrealised gain on available for sale securities		-	
Net change in fair value of debt instruments measured at FVOCI		-	53,925
Other comprehensive loss for the period, net of tax	-	-	53,925
Total comprehensive income for the period	**662,625**	5,798,022	14,147,406

BANK OF ST. VINCENT AND THE GRENADINES LTD

Consolidated Statement of Financial Position

In $ millions	Unaudited 30-Jun 2020	Unaudited 31-Mar 2020	Unaudited 31-Mar 2019	Audited 31-Dec 2019	Unaudited 30-Sep 2019	Unaudited 30-Jun 2019	2Q20 Vs 2Q19 %
Assets							
Cash and balances with central bank	**129,718,807**	133,966,610	150,703,289	**157,771,167**	147,880,164	132,944,016	-2.4%
Due with other banks	**233,892,557**	248,894,402	100,499,843	**203,656,459**	161,870,052	151,277,867	54.6%
Treasury bills	**10,061,301**	9,961,574	9,946,325	**10,261,848**	10,146,462	10,045,640	0.2%
Investment Securities	**85,676,338**	81,167,108	83,176,279	**80,662,829**	78,626,139	76,381,251	12.2%
Loans and advances to customers (net)	**637,340,681**	642,529,681	628,013,796	**603,116,302**	622,898,551	642,833,402	-0.9%
-bonds	**3,876,802**	4,158,543	10,109,836	**4,177,759**	10,111,891	9,922,850	-60.9%
Property Plant & Equipment	**55,585,884**	55,531,347	52,718,680	**54,437,514**	53,652,057	53,403,044	4.1%
Investment Properties	**2,232,000**	2,232,000	2,232,000	**2,232,000**	2,232,000	2,232,000	0.0%
Deferred tax asset	**2,886,326**	2,886,326	1,592,111	**2,886,326**	1,592,111	1,592,111	81.3%
Other assets	**9,540,111**	8,805,079	5,431,613	**7,405,798**	9,779,112	7,738,609	23.3%
Total assets	**1,170,810,807**	1,190,132,670	1,044,423,772	**1,126,608,002**	1,098,788,539	**1,088,370,790**	7.6%
Liabilities							
Deposits from banks	**19,844,985**	20,166,071	46,440,902	**19,274,459**	21,258,303	21,783,214	-8.9%
Due to customers	**962,568,505**	972,837,143	802,376,656	**910,319,763**	883,105,401	874,672,399	10.0%
Coporation tax payable	**125,950**	577,154	-	**1,100,641**	-	-	#DIV/0!
Borrowed funds	**30,974,088**	32,284,056	37,198,272	**33,577,708**	35,298,170	36,122,811	-14.3%
Other liabilities	**38,266,285**	35,864,998	37,602,664	**36,962,244**	39,431,902	38,765,565	-1.3%
Total liabilities	**1,051,779,813**	1,061,729,422	923,618,494	**1,001,234,815**	979,093,776	971,343,989	8.3%
Shareholder's Equity							
Share capital	**20,753,306**	20,753,306	20,753,306	**20,753,306**	20,753,306	20,753,306	0.0%
Reserves	**20,753,306**	20,753,306	20,753,306	**20,753,306**	20,753,306	20,753,306	0.0%
General Provision Reserve	**4,542,703**	4,542,703	3,133,354	**4,542,702**	3,133,354	3,133,354	45.0%
Unrealised gain/loss on investments	**3,646**	(41,461)	(95,386)	**(41,461)**	(95,386)	(95,386)	-103.8%
Retained earnings	**72,978,033**	82,395,394	76,260,698	**79,365,334**	75,150,183	72,479,221	0.7%
Total Shareholders' equity	**119,030,994**	128,403,248	120,805,278	**125,373,187**	119,694,763	117,023,801	1.7%
Total equity and liabilities	**1,170,810,807**	1,190,132,670	1,044,423,772	**1,126,608,002**	1,098,788,539	1,088,367,790	7.6%
Other information							
Number of shares	14,999,844	14,999,844	14,999,844	14,999,844	14,999,844	14,999,844	
Net book value per share ($)	7.94	8.56	8.05	8.36	7.98	7.80	
Basic							

BANK OF ST. VINCENT AND THE GRENADINES LTD

Summary Consolidated Statement of Changes in Equity

As at June 30, 2020

(expressed in thousands of Eastern Caribbean dollars)

	Share Capital	Statutory Reserves	General Provision Reserves	Unrealised gain/(loss) on investments	Retained Earnings	Total
	$	$	$	$	$	$
Balance at 1 January 2019	**20,753,306**	**20,753,306**	**3,133,354**	**(95,386)**	**73,131,134**	**117,675,714**
Transfer to general provision reserves			1,409,348		(1,409,348)	-
Total comprehensive income	-	-	-	53,925	14,093,481	**14,147,406**
Dividend paid	-	-	-	-	(6,449,933)	**(6,449,933)**
						-
Balance at 31 December 2019	**20,753,306**	**20,753,306**	**4,542,702**	**(41,461)**	**79,365,334**	**125,373,187**
Balance at 1 January 2020	**20,753,306**	**20,753,306**	**4,542,702**	**(41,461)**	**79,365,334**	**125,373,187**
Transfer	-	-	-	-	-	-
Total comprehensive income	-	-	-	45,107	**662,625**	**707,732**
Dividend paid	-	-	-	-	**(7,049,927)**	**(7,049,927)**
At 30 June 2020	**20,753,306**	**20,753,306**	**4,542,702**	**3,646**	**72,978,032**	**119,030,992**